

DIMENSION

For members of the Alstom Pension Scheme

November 2014

**WIN
£25!**

See inside

UNITED KINGDOM
Pensions

ALSTOM

WELCOME

Welcome to the November 2014 edition of Dimension, the newsletter for members of the Alstom Pension Scheme (the Scheme).

In this edition you'll find:

- an update on the Scheme over the last year, including membership statistics and investments on pages 6 to 9
- news on General Electric and Alstom's Strategic Alliance – see page 4
- details about the changes at Ensign, the Scheme's administrators, turn to page 4
- an introduction to Lane Clark & Peacock (LCP), the Trustee's new investment adviser – find out more on page 5
- useful information about the changes that the Government is making to pensions on pages 10 and 11.

We hope you enjoy reading this edition, and as ever, we welcome any feedback you may have!

COMPETITION

In this issue we're giving you the chance to win a £25 shopping voucher. Simply answer the following question:

How much did the Company pay to the Scheme in shortfall contributions between 5 April 2013 and 5 April 2014?



Clue! You'll find the answer somewhere in this newsletter. All Scheme members are eligible to enter. Simply email your answer along with your name and home address to contact.ukpensions@chq.alstom.com

All entries must be received by **31 December 2014**.

The winner will be selected at random and will be notified in January 2015. Terms and conditions apply, these are available from the Alstom Pensions Department on request.

The winner of the competition in the last edition of Dimension was Geoffrey Parker.

TRUSTEE UPDATE

We'd like to welcome Stephen Burgin, Mark Steadman and Mark Deery as newly appointed Company Trustee Directors to the Scheme. They are replacing Rob Purcell, Bruce Ball and Nicolas Khalife, who we'd like to thank for their hard work and dedication to the Scheme. We wish them all the best for the future.

We'd also like to welcome Sara Fisher as the new Secretary to the Trustee and to thank her predecessor Louise Mills for her valuable contribution to the Scheme. We wish her all the best for the future.



PENSION SCAMS – A WARNING

In the last edition of Dimension, we included a warning about pension liberation and advised members to be cautious if approached unexpectedly with an offer of the chance to get a loan, saving advance, cash back or the ability to access their whole pension early.

Unfortunately these scams are on the increase and the Government and HMRC are concerned about the financial consequences for members of accepting these offers.

In particular you should remember that, other than in very few circumstances (such as ill health), you cannot access your pension savings below the age of 55 without incurring a tax penalty.

We have enclosed a leaflet with this newsletter, which highlights common features of pension scams and could help you avoid being the target of a pension scam.

If you suspect you have been targeted by a scam, you should contact The Pensions Advisory Service (TPAS) via their helpline on 0300 123 1047 or you can visit their website www.pensionsadvisoryservice.org.uk

You can also find out more information by logging on to www.pension-scams.com



COMPANY NEWS

General Electric

You may be aware that Alstom's Energy and Corporate businesses are subject to the General Electric and Alstom Strategic Alliance. This has been agreed by the Alstom Group Board and is subject to the agreement of Alstom shareholders. We'll update you in future editions of Dimension about how this might affect the Scheme, but until then it's business as usual.

ADMINISTRATION UPDATE

JLT purchases Ensign

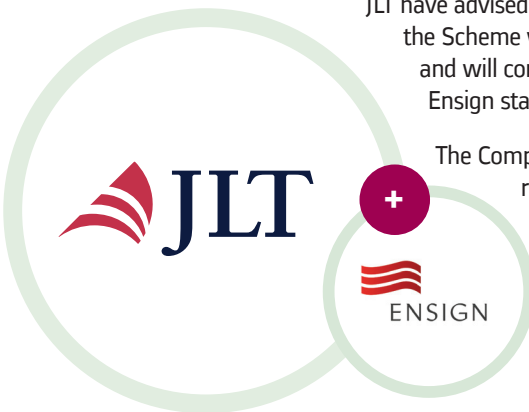
On 30 April 2014, the Scheme's administrator, Ensign Pensions Administration Limited, was purchased by JLT Group (JLT). JLT is one of the world's largest providers of insurance, reinsurance and employee benefits related advice, brokerage and associated services.

One of the key factors for the acquisition was Ensign's excellent reputation for customer service. The Trustee has been assured that the quality of service provided to its members will be maintained following this change in ownership and we will be actively monitoring service standards during the transition period.

JLT have advised that the day-to-day administration of the Scheme will not change in the immediate future and will continue to be performed by the existing Ensign staff in Leatherhead.

The Company and the Trustee have sought reassurances and are pleased to announce that Ensign's appointment has been extended to 2019.

If you have any questions please contact Ensign using the details on the back page.



MEET THE SCHEME'S INVESTMENT ADVISER

The Trustee is responsible for ensuring that the Scheme is run in the best interests of its members. To help the Trustee fulfil its role, it appoints a number of professional advisers and service providers.

The Trustee regularly reviews the performance of its advisers to ensure that the Scheme is getting the best service from its advisers. Recently, the role of the Scheme's investment adviser was reviewed and following that review, the Trustee has decided to appoint a new investment adviser, Lane Clark & Peacock (LCP).

What is the investment adviser's role?

The role of investment adviser is an important one. The investment adviser helps the Trustee to decide where to invest the Scheme's assets and the contributions that are paid into the Scheme, to set the Scheme's investment strategy and to monitor the performance of the Scheme's assets. The investment adviser also helps the Trustee to understand the complex investment market and new investment opportunities and, when necessary, select new managers of our funds.

Who are LCP?

LCP is a firm of financial, actuarial and business consultants, specialising in pensions, investment, insurance and business analytics. LCP works with a third of the FTSE 100 companies and several multinational organisations.



Meet Clay Lambiotte – Partner at LCP

Clay is the lead investment adviser for the Scheme.

Clay joined LCP in 2004 and was made a partner in the investment department in 2008. He is a US qualified actuary and holds a Chartered Financial Analyst (CFA) designation.

Clay provides a wide range of investment advice to both trustees and corporate sponsors, with a particular focus on setting and implementing investment strategy. He is also involved in LCP's manager research, where he leads the hedge fund research team.

SCHEME FINANCIALS – IN BRIEF

On the following pages, you'll find a summary of the 2014 Annual Report and Accounts for the Scheme.

FUND ACCOUNT

The table below provides an overview of the income and expenditure of the Scheme for the year ending 5 April 2014, together with comparative figures for 2013.

	2014 £ million	2013 £ million
Net assets at the start of the year	1,530.4	1,418.3
Coming into the Scheme		
Contributions received	47.5	31.8
Total received	47.5	31.8
Going out of the Scheme		
Benefits paid	(90.0)	(84.4)
Transfer values paid	(2.0)	(1.4)
Administration expenses	(1.5)	(2.8)
Total paid	(93.5)	(88.6)
Return on investments		
Investment income	36.2	34.1
Investment management expenses	(3.0)	(2.6)
Change in market value of investments	46.9	137.4
Net return on investments	80.1	168.9
Net increase in the Fund during year	34.1	112.1
Net assets at the end of the year	1,564.5	1,530.4

If you would like to view the full Annual Report and Accounts you can do so by visiting the pensions website at www.pensions.uk.alstom.com/quickfind_APS.htm

Between 5 April 2013 and 5 April 2014, the Company paid £35 million towards the shortfall in the Scheme's funding position. This figure is included in the contributions received above. The Company will continue to pay contributions towards the shortfall until 5 April 2027, in line with the agreed recovery plan.

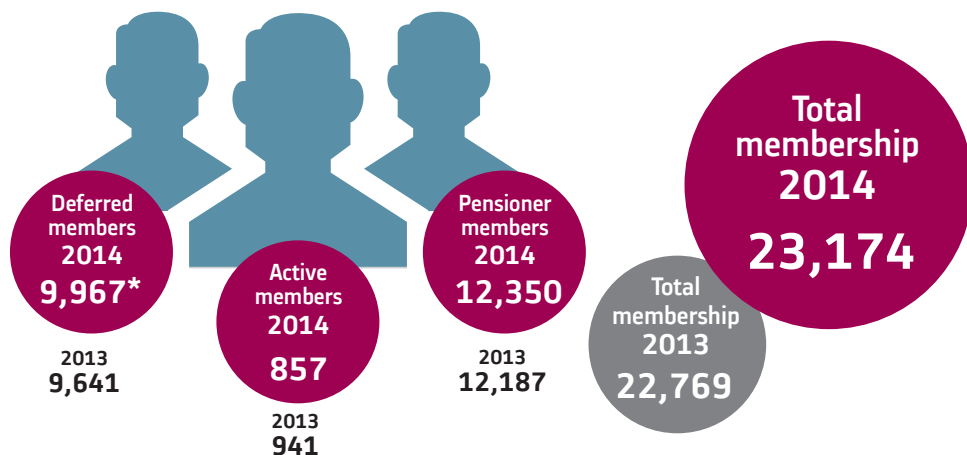
Shortfall
contributions of
£35 million
were paid in
the year.

SCHEME MEMBERSHIP

The table below shows the Scheme membership (split by section) at 5 April 2014.

	Active	Deferred	Pensioner
2006 Defined Benefit Section	857	526	485
Main Section	-	7,839	10,544
Retirement Capital Plan (RCP) Section	-	384	33
Basis 4 Section	-	15	39
Electricity Section	-	241	113
Babcock Section	-	17	17
Cegelec Section	-	761	1,039
ABB Section	-	159	80
Additional Savings Plan (ASP) Section	-	25	-
Total Scheme membership	857	9,967	12,350

The change in membership between 5 April 2013 and 5 April 2014 is shown below:



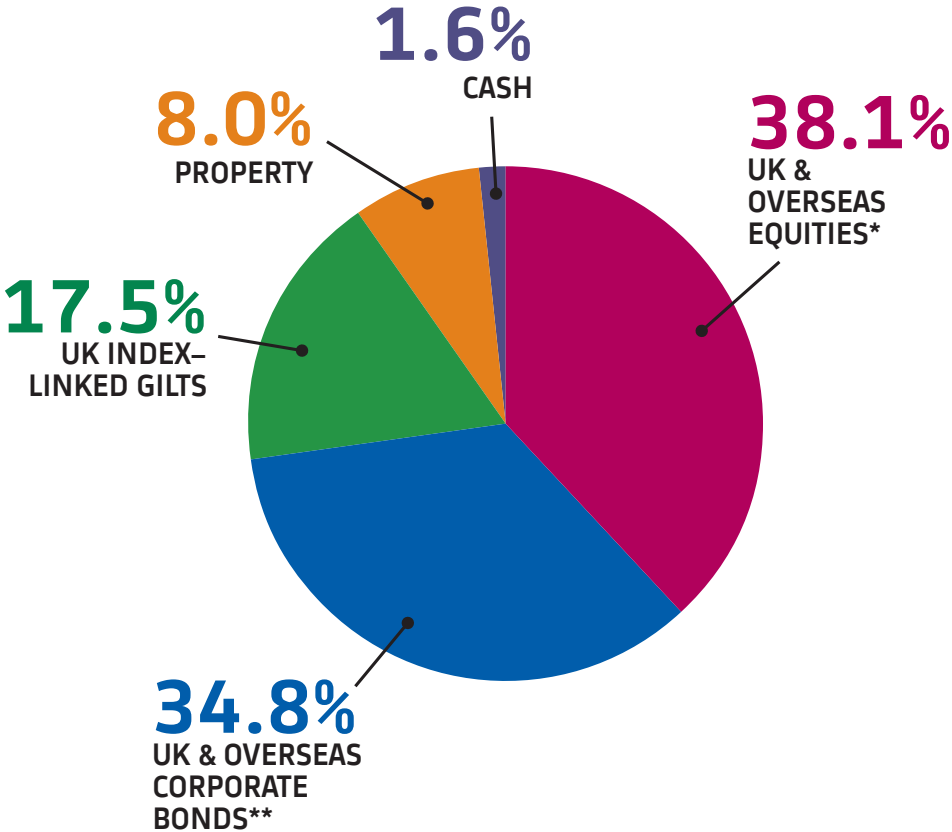
*The number of deferred members has increased during the year to reflect the number of 2006 Section Active members who also have a linked deferred record in one of the other Scheme sections.

The total number of people with benefits in the Scheme is 21,897.

INVESTMENT UPDATE

Where are the Scheme assets invested?

The Scheme's assets are invested in a range of investment types. As at 5 April 2014 the investments were split as follows:



* Consists of UK Equities (18.9%) and Overseas Equities (19.2%)

** Consists of UK Corporate Bonds (27.8%), Corporate High Yield Bonds (5.1%) and Overseas Corporate Bonds (1.9%)

NB: Numbers have been rounded

How are the investments performing?

The Trustee's independent investment performance measurer, WM Performance Services, compares the performance of the Scheme's investments against their benchmarks. Overall, in the twelve months to 31 March 2014, the Scheme's investments had a positive return of 4.7%, compared with the benchmark return of 4.2%.

Over the longer term (three years to 31 March 2014), the Scheme produced a positive return of 8.3% a year, compared with the benchmark return of 8.8% a year.

Investment performance

Year to 31 March 2014

Actual 4.7%

Benchmark 4.2%

3 years to 31 March 2014

Actual 8.3%

Benchmark 8.8%

The table below summarises the performance of the Scheme's investments by manager and investment type compared to the benchmark over a one-year and a three-year period:

Manager & investment type	Year to 31 March 2014		Three years to 31 March 2014	
	Return %	Benchmark return %	Return % a year	Benchmark return % a year
BlackRock Advisers – UK & Overseas Equities	9.2	8.8	8.1	8.1
CB Richard Ellis – Property	15.1	7.4	8.3	8.1
M&G – UK & Overseas Corporate Bonds	0.9	1.5	7.5	7.3
M&G – UK Index-Linked Gilts	-6.2	-3.4	7.4	10.3
BlackRock Qualifying Investor Fund (QIF) – UK Index-Linked Gilts	-5.7	-3.4	7.7	10.3
Wellington – High-Yield Debt*	8.2	7.5	–	–
Total fund	4.7	4.2	8.3	8.8

*Held for less than three years

PENSION NEWS – BUDGET UPDATE

2014 has been an important year in pensions. In March the Chancellor delivered his annual Budget, which contained wide-ranging changes to pensions. Although the majority of the changes affected defined contribution (DC*) rather than defined benefit (DB) pensions, there are a few points you may wish to consider.

Currently, members are able to take up to 25% of their DC pension pot as tax-free cash, then use the remainder of their fund to purchase an annuity (a pension) to provide a regular income in retirement. However, the Government is introducing much greater flexibility.

From April 2015, DC members can choose to access their pension funds in one or a combination of the following ways:

- taking all their pot as a cash lump sum
- directly as income by drawing down from their funds, leaving some of their fund invested
- purchasing an annuity.

Members will still be able to take up to 25% of their pot as a tax-free cash lump sum, with the remainder subject to a member's marginal rate of income tax.

Option to transfer to a DC arrangement (subject to financial advice)

As a DB member, these changes will not affect you directly. However, you do have the option to transfer your DB benefits into a DC arrangement, which would allow you to take advantage of the new flexibility outlined above.

If you would like to transfer out of the Scheme, you are required to take independent financial advice before doing so (unless the equivalent value of your DB pension pot is worth less than £30,000). To find an independent financial adviser in your area visit www.unbiased.co.uk

The new flexibilities will apply directly to any Additional Voluntary Contributions (AVCs) you have made, as these count as DC benefits. If you have AVCs your options will be explained when you come to take your benefits.

*In a DC scheme the member and the Company pay contributions into the member's pension pot, which is then invested. The final value of the pension pot, and hence the income that the member receives in retirement, will depend on the contributions paid into the pot and on how well investments have performed.

Small pension pots

There are two limits currently in place which allow members to take all of their benefits as cash if they are of a sufficiently small amount, currently at age 60. These limits have now been increased to give members more flexibility:

- If the value of your pension savings in the Scheme (in isolation) is less than £10,000 (previously £2,000) you are able to take all of your benefits as a cash lump sum.
- If the value of your pension savings across all schemes of which you have been a member is less than £30,000 (previously £18,000) you can take the whole of your pension as a cash lump sum. This option is known as 'trivial commutation'.

You will still receive 25% of the value of your pension(s) tax free. You will be taxed at your marginal tax rate on the remaining 75%.

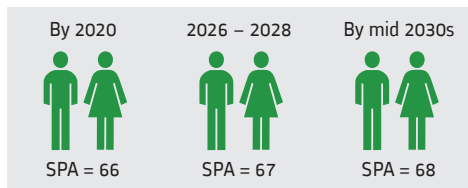
The Government announced that this provision will be extended to those age 55 and above from 6 April 2015. If you are unsure whether your benefits are below the above limits, please contact Ensign using the details on the back page.

Changes to the minimum retirement age

The Government has announced plans to increase the minimum age that people can access their pension savings. Currently, you can't take your pension before age 55 (unless you are in ill health), however this will be increasing to age 57 from 2028.

The minimum retirement age will continue to rise in line with the State Pension Age (SPA), remaining 10 years below SPA.

The increases to SPA have already been set out by the Government. Below is the timetable for the SPA increases:



Remember to keep your Expression of Wish form up-to-date!

It is important to keep the Trustee updated with your wishes regarding the lump sum benefit that may be payable from the Scheme in the event of your death. This will help the Trustee decide who receives any payment and ensures that payment is made as soon as possible to your beneficiaries. This benefit only applies to active and deferred members, and for the first five years of drawing your pension. For the avoidance of doubt, it does not apply to pensioner members who have been retired for more than five years, or to beneficiary pensioners.

If your circumstances change, for example if you get married or divorced, move in with a partner, have or adopt a child or if an individual becomes financially dependent on you, you should update your Expression of Wish form.

You can download an Expression of Wish form from www.pensions.uk.alstom.com/quickfind_APS.htm or you can contact Ensign to request a copy of the form using the details on the back page.

Contact us

Ensign Pensions Administration (formerly MNPA) is your first point of contact if you have any queries about the Scheme or your benefits.

Address:

Alstom Pension Scheme,
Ensign Pensions Administration,
Leatherhead House,
Station Road, Leatherhead,
Surrey, KT22 7ET

If your pension has not started yet

Tel: 01372 200363

Email: alstom.pensions@jltpal.co.uk

If you are receiving your pension

Tel: 01372 200333

Email: payroll.team2@jltpal.co.uk

Normal office hours are 8.30am to 5.30pm Monday to Friday.

The Alstom Pensions Department is able to liaise with Ensign Pensions Administration if you experience any problems.

Address:

Pensions Department,
ALSTOM Ltd,
Newbold Road, Rugby,
CV21 2NH

Tel: 01788 557402 or
01788 557403

Email:

alstom.ukpensions@chq.alstom.com

Normal office hours are 8.30am to 5.00pm Monday to Thursday and 8.30am to 4.30pm Friday.

Visit the pensions website for useful information about the Scheme
www.pensions.uk.alstom.com

Full details of the Alstom Pension Scheme are contained in the Trust Deed and Rules. In the event of any discrepancy between the information contained in this newsletter and the Trust Deed and Rules, the Trust Deed and Rules will prevail.

Dimension is also available in large print on request from the Alstom Pensions Department.



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A lifetime's savings lost in a moment.



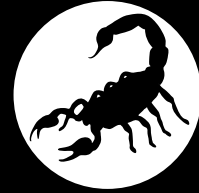
Pension scams. Don't get stung.

ActionFraud
Report Fraud & Internet Crime

THE
PENSIONS
ADVISORY SERVICE

Pension scams are on the increase. You may have already been targeted.

The scammers have a variety of tricks to catch you out. They may:



- claim that you can access your pension pot before age 55
- approach you out of the blue over the phone, via text message or in person door-to-door
- entice you with upfront cash
- offer a free 'pension review' or try to lure you in with so-called 'one-off' investment opportunities.

The scammers may even pretend that the Government has asked them to contact you. What they won't tell you is that you'll probably never see your pension pot again. Don't be fooled by their promises.

Check the facts before you make an irreversible decision. A lifetime's savings can be lost in a moment.

What to do if you think you're being targeted:

- Never be rushed or pressured into making a decision
- Before you sign anything, call The Pensions Advisory Service on 0300 123 1047
- If you have already accepted an offer, call Action Fraud on 0300 123 2040

Visit www.pension-scams.com to find out more.

A cross-government initiative by:

